GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:140
ANSWERED ON:07.03.2008
OPENING OF BANK ACCOUNTS BY VILLAGE LABOURERS
Barman Shri Ranen

Will the Minister of FINANCE be pleased to state:

(a) whether attention of the Government has been drawn towards a survey by Invest Indian Market Solutions Dataworks regarding the functioning of the banks in villages where only 38 per cent of the labourers have bank accounts;

(b) if so, the facts of the matter;

(c) whether the Government is aware that the Bank-Officers are discouraging village labourers from opening the accounts;

(d) if so, the reasons therefor; and

(e) the action taken by the Government in this regard?

Answer

The Minister of Finance(Shri P. Chidambaram)

(a) to (e): A Statement is laid on the Table of the Lok Sabha.

STARRED QUESTION NO. 140 (POSITION NO. 20)

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NUMBER 140 FOR ANSWER ON FRIDAY, MARCH 7, 2008 BY SHRI RANEN BARMAN REGARDING OPENING OF BANK ACCOUNTS BY VILLAGE LABOURERS.

(a) Yes, Sir. The report regarding survey made by Invest India Market Solutions Dataworks have been requisitioned and is being examined by the Government.

(b), (c) and (d):Scheduled commercial banks as on March 2006 had a total of 48.51 crore accounts, of which 13.96 crore were rural accounts.The Reserve bank of India (RBI) has issued on November 11.2005, Circular to all the Scheduled Commercial Banks advising to make available a basic banking 'no-frills' account either with nil or very low minimum balances as well as charges that would make such accounts accessible to vast sections of population. All Regional Rural Banks have also been advised by RBI to make available a basic banking `no frills` account either with `nil` or very low minimum balances as well as charges and a small overdraft facility so as to make such accounts accessible to vast sections of population. The RBI has taken specific initiatives for increasing bank transaction in villages include; introduction of 'zero balance' or 'no frills' accounts; pilot projects for utilizing smart cards/mobile technology to increase banks' outreach; biometric methods for uniquely identifying customers; pilot project to identify at least one district in each State/Union Territory for achieving 100 per cent financial inclusion; survey for assessing customer satisfaction in rural areas; permission given to banks to utilise the services of nongovernmental organisations/self-help groups, micro-finance institutions (other than Non-bank Financial Companies) and other civil society organisations as intermediaries in providing financial and banking services; policy initiatives to facilitate diversification of business operation of regional rural banks into new areas; agreements between banks and postal authorities for using post offices as business correspondents; several initiatives for improving delivery of customer services and, constitutions of State-specific Working Groups to explore possibilities of greater financial inclusion.In December 2005, National Pilot Project for achieving 100 per cent Financial Inclusion was initiated in Pondicherry.

In terms of the Annual Policy Statement of RBI for the year 2006-07, all State Level Bankers' committee (SLBC) convenor banks were advised in April 2006, to initiate action for identifying at least one district in their respective State/UT for 100 percent financial inclusion. As per latest information received from SLBC convenor banks out of identified 277 districts, 68 districts have achieved 100% financial Inclusion as on 20.02.2008. A Statement indicating State- wise/SLBC convenor bank-wise position on Financial Inclusion is Annexed. The states of Himachal Pradesh & Kerala have achieved 100% Financial Inclusion apart from UTs of Puducherry, Daman & Diu and Dadra & Nagar Haveli.

This step is expected to bring in more financially excluded populace, including village labourers, to the fold of the formal banking system. All Regional Rural Banks have also been advised by RBI to make available a basic banking ` no frills` account either with `nil` or very low minimum balances as well as charges and a small overdraft facility so as to make such accounts accessible to vast sections of population.